



AGENDA and Notice of Urban Renewal Agency

The City of Newport Urban Renewal Agency meeting will be held on Monday, March 2, 2015, at 5:45 P.M. The meeting will be held in City Council Chambers of the Newport City Hall, located at 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder 541.574.0613.

The City Council reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the work session and/or meeting.

URBAN RENEWAL AGENCY MEETING Monday, March 2, 2015 - 5:45 P.M. City Council Chambers

I. Call to Order and Roll Call

II. Public Comment

This is an opportunity for members of the audience to bring to the Council's attention any item not listed on the Agenda. Comments will be limited to three (3) minutes per person with a maximum of 15 minutes for all items. Speakers may not yield their time to others.

III. Consent Calendar

The consent calendar consists of items of a repeating or routine nature considered under a single action. Any Councilor may have an item on the consent agenda removed and considered separately on request.

- A. Approval of the Urban Renewal Agency Minutes from January 20, 2015 (Hawker)

IV. Executive Director Report

All matters requiring approval of the Urban Renewal Agency originating from the city manager and departments will be included in this section. This section will also include any status reports for the Urban Renewal Agency information.

- A. Consideration and Possible Adoption of Resolution No. 3705 - to Authorize the Issuance and Sale of \$5,475,000 Urban Renewal Borrowings

V. Adjournment

January 20, 2015
5:46 P.M.
Newport, Oregon

The Urban Renewal Agency of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Allen, Roumagoux, Swanson, Sawyer, Engler, and Busby were present. Saelens arrived at 5:51 P.M.

Staff present was City Manager Nebel and City Recorder Hawker.

CONSENT CALENDAR

The consent calendar consisted of the following item:

- A. Approval of minutes from the organizational and final meetings of January 5, 2015.

MOTION was made by Sawyer, seconded by Swanson, to approve the consent calendar as presented. The motion carried unanimously in a voice vote.

EXECUTIVE DIRECTOR'S REPORT

Approval of Operating Rules for the Urban Renewal Agency. Nebel reported that Allen suggested that the Urban Renewal Agency adopt rules defining how the Agency operates. He stated that in order to address this issue, a new section has been added to the City Council Rules regarding the Urban Renewal Agency. He added that Ordinance No. 1910 provides that the City Council shall have the authority to exercise the powers of the Urban Renewal Agency. He noted that by practice, a chair has been selected for the Agency at the organizational meeting, but the term of the chair and vice-chair are not defined in Ordinance No. 1910. He stated that there are several other key issues that are included in the draft policy that the Agency should discuss before approving the rules. He noted that the first issue is that the rules, as drafted, rely upon the general City Council Rules governing general operations. He added that the proposed rules indicate that the chair and vice-chair serve a two-year term that will end in conjunction with the next election for Mayor and Councilors. He stated that in the draft policies, the Mayor and Council President would not be considered for election as chair or vice-chair. He noted that his rationale for this provision is to allow the maximum number of members of Council to participate in leadership roles on Council or the Urban Renewal Agency. He added that the Agency may wish to eliminate this restriction. He stated that the organizational meeting for the Agency would be called to order by the Mayor for the sole purpose of conducting the election of the chair and vice-chair. He noted that Urban Renewal Agency meetings will typically be scheduled in conjunction with regular City Council meetings. He added that when the Urban Renewal Agency is meeting in the Council Chambers, the chair may assume the Mayor's seat for presiding over the meeting with the Mayor taking the vacated seat. He noted that these are the significant issues that the Agency may discuss to determine if any modification need to be made to the rules as proposed, but

that incorporating these provisions in the Council Rules will help better define the functions of the Agency in the future.

Swanson asked about the change of chairs between the URA chair and the Mayor. Nebel noted that the Mayor's chair is the central seat for presiding over a meeting. Allen reported that he brought this issue to Nebel's attention for formality purposes. Allen stated that the two-year time where the chair and vice-chair were not the Mayor and Council President was Nebel's suggestion. A discussion ensued regarding whether the Mayor and Council President should serve as URA chair or vice-chair, and whether the URA chair should occupy the Mayor's chair during URA meetings. It was the consensus of Council to amend the Council Rules to allow the Council President to serve as chair or vice-chair of the URA, and change the word "may" to "shall" as it relates to the URA chair assuming the Mayor's seat at the dais.

MOTION was made by Swanson, seconded by Engler, to approve the attached (in the packet) language outlining operation rules for the Agency, as amended this evening, with the intent that these rules be incorporated in the City of Newport Council Rules. The motion carried unanimously in a voice vote.

ADJOURNMENT

Having no further business, the meeting adjourned at 6:07 P.M.

Margaret M. Hawker, City Recorder

David N. Allen, Chair



Agenda #: IV.A.
Meeting Date: March 2, 2015

Agenda Item:

Approval of a Resolution to Authorize the Issuance and Sale of \$5,475,000 in Urban Renewal Borrowings.

Background:

In May 2007, the Newport Urban Renewal Agency executed a Master Bond Declaration for the South Beach Urban Growth area. The South Beach Urban Growth area has a maximum indebtedness of \$38,750,000. To date, \$18, 201,000 of indebtedness has been incurred. The work that will be completed using this financing includes: SW Abalone Street improvements, SW 30th Street improvements, 27th & Brant improvements, and SE Ferry Slip Road improvements. Furthermore, these funds will be utilized for the purchase of the NE corner of the future 35th and Highway 101 intersection. All projects utilizing this funding need to be part of the Urban Renewal Plan for the South Beach Urban Growth area. Resolution No. 3705 authorizes the borrowing of up to \$5,475,000 with these proceeds being used to finance projects that are included in the area of the Plan. The resolution authorizes the Executive Director as City Official to take appropriate action as outlined in the resolution. The resolution has been reviewed by various staff members, City Attorney, Steve Rich, and bond counsel.

Recommended Action:

I recommend the Urban Renewal Agency consider the following motion:

I move that Urban Renewal Agency approve Resolution No. 3705 which authorizes the borrowing of \$5,475,000 to finance projects as described in the Urban Renewal Plan for the area, including the purchase of land and authorize the Executive Director to act as the Agency official under the terms of this resolution.

Fiscal Effects:

After this debt is incurred, the Agency will have sufficient funds to complete Phase III of this work which is estimated to need \$12,800,000 of our funds. This will keep the district within its maximum indebtedness of \$38,750,000 through the closure of the district.

Alternatives:

None recommended.

Respectfully Submitted,

A handwritten signature in blue ink that reads "S. R. Nebel".

Spencer R. Nebel
Executive Director of the Urban Renewal Agency



Agenda Item # IV.A _____

Meeting Date March 2, 2015

**URBAN RENEWAL AGENCY
AGENDA ITEM SUMMARY
City Of Newport, Oregon**

Issue/Agenda Title: Resolution to authorize the issuance and sale of \$5,475,000 Urban Renewal Borrowings.

Prepared By: MM Dept Head Approval: MM City Mgr. Approval: _____

Issue before the Council:

The Agency enacted on May 15, 2007 Resolution No. 2007-01, a Master Bond Declaration for the South Beach Urban Growth Area, now known as the South Beach Urban Renewal Area (Area), that describes the terms and conditions under which future borrowings for the Area will be secured.

The Area has maximum indebtness of \$38,750,000 and has issued less than \$18,000,000 of indebtness that is subject to limitation and the Area now desires to borrow up to \$5,475,000 for Phase II projects no later than March 31, 2015.

Staff Recommendation:

The resolution to be considered has been reviewed in detail by all City staff; Finance Director, Mike Murzynsky, City Attorney, Steve Rich, City Manager Spencer Nebel, and Community Director, Derrick Tokos and all comments have been returned to Bond Counsel for review and inclusion to said resolution. The document enclosed is one that sets the terms and conditions to complete the placement of the 2015 Urban Renewal Borrowings. We recommend this resolution to the Agency for their approval.

Proposed Motion:

I move that the Agency approve the execution of Resolution 3705 which allows the Area to set the terms and conditions related to borrowing of \$5,475,000; these borrowings will be used to fund the Phase II projects listed in the Area Master Plan.

Key Facts and Information Summary:

The maximum indebtness as noted of \$38,750 have been reduced by \$18,000,000 which leaves a remaining balance of \$20,750,000. The projected remaining borrowings will be approximately \$12,800,000, which is well below the limit.

This borrowing will be split into tax-exempt and exempt borrowings; the purchase price of the land purchase will be taxable while the remainder will be tax-exempt.

The interest rate and payment terms have not been set at the time of this writing but the estimated interest rate is approximately 4% for both types.

Fiscal Notes:

The \$5,400,000 has been budgeted as a receipt and offsetting expenditure for the projects notes in the plan for phase II.

NEWPORT URBAN RENEWAL AGENCY
RESOLUTION NO. 3705

A RESOLUTION AUTHORIZING THE ISSUE AND SALE OF UP TO
\$5,475,000 OF URBAN RENEWAL BONDS.

WHEREAS, in May of 2007 the Newport Urban Renewal Agency (the “Agency”) issued its \$900,000 Tax-Exempt Urban Renewal Bond (South Beach Urban Growth Area) and executed a Master Bond Declaration for the South Beach Urban Growth Area (the “Area”) that describes the terms under which future borrowings for the Area will be secured; and,

WHEREAS, in May 2008 the Agency issued its \$2,530,000 Tax-Exempt Urban Renewal Bond (South Beach Urban Growth Area) as Parity Indebtedness under the Master Bond Declaration; and,

WHEREAS, in July 2010 the Agency entered into an \$8,465,000 Intergovernmental Agreement with the City of Newport as Parity Indebtedness under the Master Bond Declaration; and,

WHEREAS, the Area has a maximum indebtedness limitation of \$38,750,000, and the Agency has issued less than \$18,201,000 of indebtedness that is subject to that limitation; and,

WHEREAS, the Agency now desires to borrow up to \$5,475,000 in accordance with the terms of the Master Declaration to finance projects described in the urban renewal plan for the Area, including purchasing land;

WHEREAS, the additional borrowing will be secured by a first lien on the tax increment revenues of the Area and on a parity with the outstanding senior lien indebtedness of the Area; now, therefore,

BE IT RESOLVED by the Newport Urban Renewal Agency as follows:

Section 1. Definitions.

Unless the context clearly requires otherwise, capitalized terms which are used in this resolution shall have the meanings defined for such terms in this Section 1.

“2015 Bonds” means the indebtedness authorized by Section 2 of this resolution.

“Agency Official” means the City Manager or the person designated by the City Manager to act as Agency Official under this resolution.

“Area” means the South Beach Urban Growth Area which is described in the Plan.

“Divide the Taxes Revenues” means the taxes which are divided based on the increase in value of property in the Area and which are payable to the Agency under

the provisions of Article IX, Section 1c of the Oregon Constitution and ORS Chapter 457, as those provisions exist on the date of this Resolution.

“Master Declaration” means the Master Bond Declaration for the South Beach Urban Growth Area that is dated May 15, 2007, as it may be amended from time to time in accordance with its terms.

“Plan” means the Urban Renewal Plan for the South Beach Urban Growth Area, which was adopted by City Ordinance No. 1341 on September 12, 1983, together with existing and future amendments.

“Special Levy” means a city-wide property tax levy for the Area which is authorized by Article XI, Section 11(16) of the Oregon Constitution and ORS 457.435(2)(c).

“Tax Increment Revenues” means all revenues from the Divide the Taxes Revenues and the Special Levy, and all earnings on those amounts while they are under the control of the Agency.

Section 2. Authorization of 2015 Bonds.

The Agency hereby authorizes the sale and issuance of the 2015 Bonds in an aggregate maximum principal amount of \$5,475,000. Proceeds of the 2015 Bonds shall be used to finance projects in the Plan for the Area, including purchasing land, and to pay costs relating to the 2015 Bonds. A reserve account may also be funded with proceeds of the 2015 Bonds.

Section 3. Security for 2015 Bond.

The 2015 Bonds shall be issued as “Parity Indebtedness” pursuant to the Master Declaration, and shall be payable solely from the Tax Increment Revenues, reserves and related amounts that are pledged in the Master Declaration. The Master Declaration obligates the Agency to impose a Special Levy each year, if necessary, so that the Agency will receive Tax Increment Revenues for that year which are at least equal to one hundred twenty-five percent of the debt service for that year on all “Bonds” issued under the Master Declaration, including the 2015 Bonds. The 2015 Bonds shall not be general obligations of the City, the Agency or Lincoln County, Oregon.

Section 4. Delegation.

Each Agency Official is hereby authorized, on behalf of the Agency and without further action by its Board of Directors to:

- 4.1. Issue the 2015 Bonds in one or more series which may be sold at different times.
- 4.2. Establish the final principal amount, maturity schedule, interest rates, sale prices, redemption terms, payment terms and dates, and other terms for the 2015 Bonds.
- 4.3. Finalize the terms of, execute and deliver any amendments to the Master Declaration which facilitate the issuance of the 2015 Bonds.

- 4.4. Enter into covenants to maintain the excludability of interest on the 2015 Bonds from gross income under the Internal Revenue Code of 1986, as amended, or provide that the 2015 Bonds may bear interest that is includable in gross income under that code.
- 4.5. Designate the 2015 Bonds as a “qualified tax-exempt obligations” pursuant to Section 265 of the Code, if applicable.
- 4.6. Prepare, approve, deem final and circulate any disclosure documents that are required in connection with the 2015 Bonds.
- 4.7. Obtain ratings, bond insurance or reserve sureties for the 2015 Bonds, and enter into related agreements as necessary.
- 4.8. Prepare, execute and deliver one or more Supplemental Declarations, Bond Purchase Agreements or similar documents for each series of 2015 Bonds. The documents shall specify the terms under which each series of the 2015 Bonds are issued, the administrative provisions that apply to each series of the 2015 Bonds and the form of each series of the 2015 Bonds. The documents may also contain covenants for the benefit of the owners of each series of the 2015 Bonds.
- 4.9. Establish a reserve subaccount in the Bond Reserve Account for the 2015 Bonds, and fund that subaccount with Tax Increment Revenues or the proceeds of the 2015 Bonds, as necessary.
- 4.10. Select one or more underwriters, commercial banks or other purchasers for the 2015 Bonds, and enter into agreements with those purchasers for the sale of the 2015 Bonds.
- 4.11. Execute all documents on behalf of the Agency and to take any other action which is desirable in order to issue, sell and deliver the 2015 Bonds in accordance with this resolution.

ADOPTED this 2nd day of March, 2015.

Newport Urban Renewal Agency,

Chair

ATTEST

City Manager